

# Inspector General

## MISSION STATEMENT

The mission of the Office of Inspector General is to promote the effectiveness and efficiency of programs and operations of County government and independent County agencies; prevent and detect fraud, waste, and abuse in government activities; and propose ways to increase the legal, fiscal, and ethical accountability of County government and County-funded agencies.

## BUDGET OVERVIEW

The total approved FY10 Operating Budget for the Office of Inspector General is \$634,730, a decrease of \$65,990 or 9.4 percent from the FY09 Approved Budget of \$700,720. Personnel Costs comprise 74.9 percent of the budget for three full-time positions and one part-time position for 3.5 workyears. Operating Expenses account for the remaining 25.1 percent of the FY10 budget.

## LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **A Responsive, Accountable County Government**
- ❖ **Strong and Vibrant Economy**
- ❖ **Vital Living for All of Our Residents**

## DEPARTMENT PERFORMANCE MEASURES

This table presents the department's headline measures or submeasures including projections from FY09 through FY11. These estimates reflect funding based on the FY09 savings plan, the FY10 budget, and funding for comparable service levels in FY11.

Measure	Actual FY07	Actual FY08	Estimated FY09	Approved FY10	Projected FY11
<b>Headline Measures</b>					
Audits/reviews reported to Council/Executive management <sup>1</sup>	4	4	3	3	4
County/taxpayer funds recovered or put to different use as the result of audit findings and investigations (\$000)	\$3,076	\$500	\$3,716	\$2,000	\$2,000
Credible complaints closed	53	59	35	45	45
Credible complaints opened	54	48	45	45	45
Formal responses to fraud, waste, and abuse matters reported to management by the Office of Inspector General	10	10	5	8	10
Joint investigations with prosecutors	2	2	3	3	3
Percentage of audit recommendations accepted	67	50	60	67	67
Questioned costs or potential savings (\$000)	\$1,100	\$9,600	\$1,150	\$2,000	\$2,000

<sup>1</sup> Please see Inspector General's FY08 Annual Report, with a focus on page 4 for all performance measures listed. The report can be found at [www.montgomerycountymd.gov/ig](http://www.montgomerycountymd.gov/ig)

## ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Accomplishments and Initiatives included in this FY10 budget are excerpts of the Office of Inspector General (OIG) FY2008 Annual Report. The full report, including detailed performance measure results for the first three years of the OIG's four-year work plan (FYs 06-09), can be found on the OIG web page.**
- ❖ **Overtime Compensation – Audit Report and Special Review**  
**Over a sixteen month period from January 2007 through April 2008, the OIG conducted a review of County government's overtime compensation policies and procedures, and payroll timesheets for selected departments. As a result, the OIG found inconsistent controls across County departments which were addressed in three reports (April and December 2007, and April 2008).**
- ❖ **County Government Disability Retirement Program – Interim Report**  
**The OIG initiated a review of County government's disability retirement program that includes evaluating: policies and procedures relied upon to meet the needs of employees and protect financial resources; internal controls used to safeguard against potential abuse; and case file documentation used to support disability claims.**

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**Based on allegations of fraud, waste, and abuse received by the OIG and our preliminary analysis of County retirement data, the OIG review focused on police officers who represented approximately 49 percent (58 of 119) of all County employees approved for service-connected benefits between July 1, 2004 and March 1, 2008. The OIG review disclosed that approximately 62 percent (58 of 93) of police officers who retired during this period were approved for service-connected benefits (66 2/3 percent of final earnings and lifetime tax-exempt status).**

❖ **Fraud Hotline Implementation**

**Through June 2008, more than 70 reports of fraud, waste, and abuse were received through the OIG fraud hotline since it began operating in December 2006. Approximately 50 percent of the reports were anonymous. Thirteen categories of reports were used by the OIG contractor to categorize the nature of information reported to the OIG, with policy issues, fraud, and theft of time representing about 60 percent of the issues reported. In fiscal year 2008, several fraud hotline reports became investigative priorities or were key factors in our audit and formal review work.**

❖ **Improper Payments: Beginning in FY08 and continuing into 2009, the OIG initiated a review of potential improper payments related to contract work performed for various County government departments. One of the investigations resulted in the identification of four improper payments totaling \$137,700 related to contract work to be performed by a Department of Health and Human Services (DHHS) vendor. The OIG found internal control and management oversight deficiencies that resulted in the improper payments. Management agreed with our conclusions and reported that corrective action would be taken.**

❖ **Letter Report – Council Audit Committee Recommendation**

**The OIG issued a letter report to the Council President with the following recommendation: “by establishing and operating a formal audit committee in accordance with guidelines issued by the Government Finance Officers Association and the American Institute of Certified Public Accountants , the Council can improve its independent review and oversight for financial reporting, management control, and audit activities for County Government and other Council-funded organizations.” In January 2009, the Council passed resolution No. 16-826 to begin addressing this recommendation.**

## **PROGRAM CONTACTS**

Contact Thomas J. Dagley of the Office of Inspector General at 240.777.8240 or Helen P. Vallone of the Office of Management and Budget at 240-777-2755 for more information regarding this department's operating budget.

## **PROGRAM DESCRIPTIONS**

### **Inspector General**

The Inspector General conducts independent audits, reviews, and investigations; receives and investigates credible complaints; reports violations of the law to the State's Attorney for Montgomery County or other appropriate office; notifies the County Council and Executive of serious problems in programs; reviews legislation and regulations to strengthen controls and increase accountability; and submits reports with recommendations to the Council and Executive. The Inspector General conducts projects jointly with other government agencies and contractors.

## BUDGET SUMMARY

	Actual FY08	Budget FY09	Estimated FY09	Approved FY10	% Chg Bud/App
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	460,871	457,300	398,180	378,630	-17.2%
Employee Benefits	75,583	101,470	66,430	97,080	-4.3%
<b>County General Fund Personnel Costs</b>	<b>536,454</b>	<b>558,770</b>	<b>464,610</b>	<b>475,710</b>	<b>-14.9%</b>
Operating Expenses	48,523	137,950	183,560	159,020	15.3%
Capital Outlay	-1,363	4,000	0	0	—
<b>County General Fund Expenditures</b>	<b>583,614</b>	<b>700,720</b>	<b>648,170</b>	<b>634,730</b>	<b>-9.4%</b>
<b>PERSONNEL</b>					
Full-Time	6	5	5	3	-40.0%
Part-Time	1	0	0	1	—
Workyears	5.8	5.0	5.0	3.5	-30.0%

## FY10 APPROVED CHANGES

	Expenditures	WYs
<b>COUNTY GENERAL FUND</b>		
<b>FY09 ORIGINAL APPROPRIATION</b>	<b>700,720</b>	<b>5.0</b>
<b><u>Changes (with service impacts)</u></b>		
Reduce: Executive Administrative Aide to part-time	-33,410	-0.5
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: Service Increment	4,100	0.0
Increase Cost: Annualization of FY09 Personnel Costs	1,550	0.0
Increase Cost: Group Insurance Adjustment	700	0.0
Increase Cost: Printing and Mail Adjustments	70	0.0
Shift: Personnel Costs to Operating Expenditures	0	-1.0
Decrease Cost: Central Duplicating Deficit Recovery Charge	-80	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY09	-4,000	0.0
Decrease Cost: Contractual expenses	-14,000	0.0
Decrease Cost: Operating expenses	-20,920	0.0
<b>FY10 APPROVED:</b>	<b>634,730</b>	<b>3.5</b>

